

bought them to pay a sum of money to the issuer of that order (or the person to whom he may transfer his right) which shall be equivalent to the value of the goods. In a similar way—where the case involves merchants in different countries—the foreign bill of exchange is simply an order that, in consideration of a given amount of the money of one country having been paid in that country, there shall be delivered in another country, at a specified time, and to a named person, a stated sum of money in the currency of the latter country. Now there is a class of exchange dealers who meet twice a week in the Eoyal Exchange and buy the bills which English merchants have drawn upon foreign firms for payment of goods exported or sold from England; these merchants thus obtain from the dealers the immediate payment of their debts without waiting until the bills mature; other English merchants who have imported or bought goods from foreign merchants purchase these bills from the dealers (according to the locality on which they are drawn, and the amounts which the merchants owe abroad), which they transmit abroad in settlement of their own debts. Thus, as a simple concrete illustration: An English merchant is owing £100 from a foreign merchant, and another English merchant owes the same sum to the same foreign firm; the bill or order of the former upon the foreign merchant is sold to the dealer, and the commercial transaction between the two firms is closed. That bill is purchased from the dealer by the second English merchant, who forwards it to the foreign merchant; the latter cancels it, and the second transaction is also settled. The process is precisely similar, however numerous be the merchants in different countries, who are debtors and creditors to each other in various transactions. Assume four merchants ; and since symbols, when clear enough to call up instantly the concrete objects for which they stand, save needless expenditure of mental energy, let us designate one English merchant EM (by the initials of English merchant), a second English merchant EM², a French merchant EM,

and another French Merchant FM².
FM buys goods from EM and has to send
him the price of £100 ; EM² purchases
different goods from FM² and has to remit
£100 to him; if money were transmitted